

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

TRACY LIPSCOMBE
35 Bluejay Court
Halethorpe, Maryland 21227

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BEFORE THE MARYLAND
INSURANCE COMMISSIONER

CASE NO. : MIA-2016-08-035
Fraud Division File No.: R-2016-3605A

ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Tracy Lipscombe (“Respondent”) pursuant to §§ 2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Md. Code Ann. (2011 Repl. Vol. & Supp.)(“Insurance Article”).

I. Facts

1. Respondent had an automobile insurance policy with State Farm Mutual Insurance Company ("State Farm"), an authorized insurer, for her 2014 Nissan. The policy was in effect from November 13, 2015 through May 13, 2016.

2. On December 2, 2015, Respondent notified State Farm via its online claims reporting system that earlier that day while operating her vehicle, she was rear-ended at a stop sign on Essex Road in Baltimore County, Maryland, and the vehicle that struck her fled. Respondent advised that her vehicle sustained rear-end damage and had also sustained front-end damage in a previous accident. State Farm assigned claim number 20-7P73-860.

3. On December 11, 2015, a State Farm adjuster met with Respondent and completed a damage estimate. Respondent advised the adjuster that her vehicle was rear-ended and pushed into a salt box causing damage to the front bumper and grill. The adjuster

documented that Respondent did not attribute the front-end damage to the December 2, 2015 accident when she initially reported her claim.

4. On December 11, 2015, Respondent provided a recorded interview to a State Farm Claims Adjuster. She stated that on December 2, 2015, while operating her vehicle, she was rear-ended and pushed into a salt box causing damage to the front of her vehicle.

5. On December 14, 2015, State Farm assigned Respondent's claim to its Special Investigations Unit ("SIU") as Respondent had not initially reported the front of her car had been damaged as a result of the December 2, 2015 accident, and therefore State Farm believed Respondent's vehicle had pre-existing front-end damage.

6. On December 14, 2015, an SIU Investigator reviewed Respondent's State Farm claim history and identified a claim Respondent made on April 6, 2015 (Claim # 20-6D20-602). In that claim, Respondent reported damage to the front bumper of her Nissan. State Farm paid her \$855.04 to repair the bumper.

7. On December 14, 2015, an SIU investigator interviewed Respondent who advised that the damage from the April, 2015 claim was repaired in May, 2015, at Russell's Body Shop in Baltimore.

8. On February 12, 2016, Respondent submitted to an Examination Under Oath. She reiterated that on December 2, 2015, she was rear-ended which caused her car to strike a salt box, damaging the front of her vehicle. She confirmed having an accident in April, 2015, which caused front-end damage but stated the vehicle was repaired at Russell's Body Shop. Later, during the interview, Respondent recanted her assertion that her car had been repaired following the April, 2015, accident, and stated instead that the damage was not repaired. She said that her vehicle suffered only rear-end damage as a result of the December 2, 2015 accident. Respondent

admitted to lying to State Farm so she could get paid twice for the same damage to the front of her car from an earlier accident.

9. On April 19, 2016, State Farm sent Respondent a letter denying her claim as she provided false and misleading information.

10. Section 27-802(a)(1) of the Maryland Insurance Article states,

“An authorized insurer, its employees, fund producers, insurance producers, ... who in good faith has cause to believe that insurance fraud has been or is being committed shall report the suspected insurance fraud in writing to the Commissioner, the Fraud Division, or the appropriate federal, State or local law enforcement authorities.”

State Farm, having a good faith belief that Respondent committed insurance fraud, referred the matter to the MIA, Fraud Division.

11. MIA contacted State Farm and confirmed its handling of Respondent’s claim.

12. On July 13, 2016, an MIA investigator interviewed Respondent. She reported being rear-ended in an accident on December 2, 2015, which caused damage to the rear of her vehicle. She confirmed having an accident on April 6, 2015, and she did not have that damage repaired. Respondent advised she lied to State Farm when she stated the front of her vehicle was damaged in the December 2, 2015 accident in an attempt to be paid twice for repair of damage to the front of her vehicle.

II. Violation(s)

13. In addition to all relevant sections of the Insurance Article, the Administration relies on the following pertinent sections in finding that the Respondent violated Maryland’s insurance laws:

14. **§27-403**

It is a fraudulent insurance act for a person:

(2) to present or cause to be presented to an insurer documentation or an oral or written statement made in support of a claim...with knowledge that the documentation or statement contains false or misleading information about a matter material to the claim.

15. §27-408(c)

(1) In addition to any criminal penalties that may be imposed under this section, on a showing by clear and convincing evidence that a violation of this subtitle has occurred, the Commissioner may:

(i) impose an administrative penalty not exceeding \$25,000 for each act of insurance fraud; and

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(2) In determining the amount of an administrative penalty, the Commissioner shall consider:

- (i) the nature, circumstances, extent, gravity, and number of violations;
- (ii) the degree of culpability of the violator;
- (iii) prior offenses and repeated violations of the violator; and
- (iv) any other matter that the Commissioner considers appropriate and relevant.

16. By the conduct described herein, Respondent knowingly violated § 27-403. Because the fraudulent insurance act of submitting a false statement in support of a claim is complete upon submission of the false statement and is not dependent on payment being made, Respondent committed a violation of the Insurance Article when she made a false statement to State Farm. As such, Respondent is subject to an administrative penalty under the Insurance Article § 27-408(c).

III. Sanctions

17. Insurance fraud is a serious violation which harms consumers in that the losses suffered by insurance companies are passed on to consumers in the form of higher premiums. The Commissioner may investigate any complaint that alleges a fraudulent claim has been submitted to an insurer. Insurance Article §§ 2-201(d) (1) and 2-405.

18. By the conduct described herein, Respondent violated § 27-403 and is subject to the imposition of an administrative penalty under the Insurance Article.

19. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that \$2,500.00 is an appropriate penalty.

20. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2016-3605A) and name (Tracy Lipscombe). Unpaid penalties will be referred to the Central Collections Unit for collection. Payment of the administrative penalty shall be sent to the attention of: Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202.

21. This Order does not preclude any potential or pending action by any other person, entity or government authority regarding any conduct by the Respondent, including the conduct that is the subject of this Order.

WHEREFORE, for the reasons set forth above, and subject to the right to request a hearing, it is this 18th day of August 2016, **ORDERED** that:

(1) Tracy Lipscomb pay an administrative penalty of Two-Thousand Five Hundred Dollars (\$2,500.00) within 30 days of the date of this Order.

ALFRED W. REDMER, JR.
Insurance Commissioner

BY:

signature on original

STEVE WRIGHT
Associate Commissioner
Insurance Fraud Division

RIGHT TO REQUEST A HEARING

Pursuant to § 2-210 of the Insurance Article and Code of Maryland Regulations (“COMAR”) 31.02.01.03, an aggrieved person may request a hearing on this Order. This request must be in writing and received by the Commissioner within thirty (30) days of the date of the letter accompanying this Order. However, pursuant to § 2-212 of the Article, the Order shall be stayed pending a hearing only if a demand for hearing is received by the Commissioner within ten (10) days after the Order is issued. The written request for hearing must be addressed to the Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202, Attn: Hearings and Appeals Coordinator. The request shall include the following information: (1) the action or non-action of the Commissioner causing the person requesting the hearing to be aggrieved; (2) the facts related to the incident or incidents about which the person requests the Commissioner to act or not act; and (3) the ultimate relief requested. The failure to request a hearing timely or to appear at a scheduled hearing will result in a waiver of your rights to contest this Order and the Order shall be final on its effective date. Please note that if a hearing is requested on this initial Order, the Commissioner may affirm, modify, or nullify an action taken or impose any penalty or remedy authorized by the Insurance Article against the Respondent in a Final Order after hearing.